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SUBJECT: NEA PDAS JEFFREY DISCUSSES IRAN WITH DEPUTY
FOREIGN MINISTERS KHALAFOV AND PASHAYEV

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Classified By: Ambassador Anne E. Derse, for reasons 1.4 (b & d)

¶1. (S) Summary: In a 12 October call on Deputy Foreign Minister Khalafov, NEA PDAS Jeffrey, accompanied by the Ambassador, discussed Iran and sought support for a unified international front in response to Iranian nuclear ambitions.

DFM Khalafov, responsible for Azerbaijan's Iran policy and serving as Azerbaijan's principle negotiator on Caspian delimitation issues, was also joined by DFM Pashayev, Azerbaijan's former ambassador to Washington. Khalafov outlined Azerbaijan's complex relations with its neighbor and posited that Azerbaijan could potentially serve as a gateway to Central Asia (possibly lessening Iran's growing influence in Central Asia in the process). He also suggested that sanctions against Iran would likely not be effective because China, Russia, and Europe would not support them. Despite the GOAJ's recent decision to suspend the rebroadcasting of foreign broadcasting, DFM Pashayev suggested that expanded VOA programming into Iran might be worth considering. End Summary.

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Iran's Relations with Azerbaijan and the Region
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¶2. (C) Visiting NEA PDAS Jeffrey and Ambassador Derse paid a call October 12 on Deputy Foreign Ministers Khalafov and Pashayev. Khalafov, who is responsible for Azerbaijan's bilateral relationship and formal MFA to MFA dialogue with Iran, as well as Azerbaijan's Caspian delimitation policies, characterized relations with Iran as complicated, but added that Azerbaijan had enjoyed successes in various areas. According to Khalafov, Azerbaijan's strategy is to have normal relations with all neighbors, and that its relationship with Iran was complicated not only in the international complex, but in a regional context as well. While Azerbaijan and Iran share a common religious, cultural and historical tradition, Khalafov noted that Iran "supports Armenia against Azerbaijan." Khalafov stressed the pragmatic importance of good bilateral relations due to Iran's "30 million ethnic Azeris" and continued support to the Azerbaijani exclave of Nakhchivan. Khalafov attributed Nakhchivan's stability to Iran, and highlighted energy, transportation, and trade as the main areas in which the two countries cooperate.

¶3. (C) Khalafov said that Iran is trying to increase pressure on Azerbaijan internally by using the "religious factor." However, Khalafov said that economic and political

reforms in Azerbaijan were reducing Iran's influence. He also pointed out that many Azerbaijanis have a "positive attitude" toward Iran for religious and other reasons, and that the GOAJ hopes that increased ties with Europe will lessen this influence. Khalafov suggested that Azerbaijan serves as the "main entrance" to Central Asia and that Azerbaijan and Central Asian countries share close religious and ethnic ties. He said that this relationship could serve as a model for Central Asia and reduce Iran's influence there (also suggesting that these links would be helpful in Dagestan and Georgia, as well). Khalafov further claimed that economic factors were prominent in Iran's relations with Central Asia, that Russia and Iran's relations were growing stronger there.

14. (C) Speaking to Iranian domestic issues, Khalafov asserted that under Ahmadinejad, the regime exerts total control over domestic politics and that the regime would stay in control. He suggested that due to Iran's strength and high economic potential, economic sanctions would not affect Iran; China, Russia, and Europe, he argued would not support economic sanctions. He added that "we do not want to see increasing pressure" exercised over Iran, as it would adversely affect the region. Khalafov suggested that if there were no unity among the major powers' Iran policies, then there would be no success in their respective dialogues with Iran.

PDAS Jeffrey Outlines U.S. Intentions

15. (S) PDAS Jeffrey explained that he understood Azerbaijan's position and that the USG wanted neighboring countries to have normal, balanced relations with Iran. However, Jeffrey asked if this were possible with the current

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regime in Iran. PDAS Jeffrey explained the U.S. was focusing on the nuclear issue first as it was "the most serious problem in the Middle East," and that the U.S. considers Iran to be a key factor in all the region's problems. Jeffrey said that the U.S. and its partners have offered Iran compromises in exchange for stopping its uranium enrichment, but that due to Iranian truculence the time for discussions on the nuclear issue was over. Since Iran has told the international community "no" numerous times on stopping enrichment, Jeffrey said, we believe that it is intent on developing nuclear weapons. Given recent developments with the DPRK, Jeffrey said the world cannot afford another unstable country with nuclear weapons. Speaking to the contention many countries have made that Iran would not be likely to use nuclear weapons, PDAS Jeffrey responded by drawing on the U.S. Cold War experience with the Soviet Union. Jeffrey said that the U.S. had drawn the conclusion that nuclear weapons in the hands of a rogue state, even if it does not use them, magnifies its options to influence others and limits the ability to counter or contain such influence. Jeffrey suggested that Iran could use nuclear weapons to pressure U.S. allies, in order to increase pressure on the U.S. in turn. Jeffrey said that the U.S. cannot tolerate this possibility in an Iran led by Ahmadinejad, and that the U.S. would use all means necessary to block Iran.

16. (S) PDAS Jeffrey said that the U.S. focus was on the diplomatic track and on the UN Security Council, stating that the U.S. wishes to see the UNSC approve a sanctions regime (along the lines of Article 7/41). In order to ensure UNSC passage of such a sanctions regime, Jeffrey said that the U.S. needed the support of partners and friends to pressure countries like China, adding that anything Azerbaijan could do in this regard would be much appreciated. Speaking to the nature of the sanctions the U.S. sought, Jeffrey said that the U.S. wished to start out with small targeted steps, focusing on nuclear weapon and missile programs. If these do

not work, sanctions would also move to other areas such as weapons sales and firms that support the Iranian weapons program. Jeffrey stated that the U.S. hoped to avoid sanctions like those imposed against Iraq, i.e. sanctions which hurt the domestic population and neighbors, adding that the U.S. would initially try not to impose such sanctions. Jeffrey said that after it becomes clear Russia will support sanctions due to its concern about the Iranian nuclear threat, he thought China would also go along with UNSC sanctions. Jeffrey suggested that Iran might well continue with its program after sanctions were imposed, but he believed that sanctions would slow down these programs, giving more time for political action. Also, focusing on the Iranian missile program would limit Iranian power projection. Jeffrey said that the U.S. felt that this way forward was the most effective one.

17. (S) Turning his attention to Iran's treatment of its minorities, PDAS Jeffrey said that the U.S. was seeking a change in the Ahmadinejad regime's behavior, not changing the regime itself. He went on to say that the U.S. supports Iran's territorial integrity and does not support separatist movements, but that the U.S. did support better treatment of minorities - in the form of greater political, cultural, linguistic rights, and participation in the political sphere. Doing so, said Jeffrey, would moderate the regime by putting it into the hands of all. Jeffrey explained that the U.S. would be working to craft educational exchanges, broadcasting, and media outreach to these groups, without threatening Azerbaijan's relationship with Iran. Jeffrey explained that the U.S. realized that Azerbaijan was vulnerable to Iranian actions and, therefore, the U.S. wanted to consult and cooperate, hear Azerbaijan's views, and come up with joint approaches.

Khalafov's Views of the Ahmadinejad Regime and Prospects for Sanctions

18. (S) Khalafov suggested that a number of recent events demonstrate an increase in "spiritual behavior in Iran." He pointed to the recent events in Lebanon and heightening tensions within the international community over Iran's nuclear program, suggesting that these events contributed to the formation of a unified position within Iran toward its nuclear program. He stated that a change in policy and not

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in the regime, and preserving territorial integrity, were important to Iranians. He said that Iran was not ready to develop a strategy towards its minorities and viewed it as an issue of "Iranian survival." Khalafov stated that he was pleased that the U.S. was consulting with Azerbaijan since Azerbaijan is a neighbor of Iran and ally of the U.S. He said that Azerbaijan was not supporting Iran's nuclear weapons program, saying that it was not in Azerbaijan's national interest or that of its neighbors. Khalafov further suggested that the competition of major powers for influence gives Iran "space to play." He said that sanctions were important as were the steps within them. Khalafov asserted that Iran has a high threat potential and to achieve success in pressuring Iran, the U.S. must pressure Iran's political, economic, and military spheres. Khalafov said that Azerbaijan told Iran that nuclear weapons were not good for Iran or the region, and that "we will continue discussions with your embassy" on the issue.

Final Thoughts

19. (S) PDAS Jeffrey affirmed that while the U.S. would not mind seeing the regime go, the U.S. is not working toward this end. He went on to say that diplomatic action at the UN and with key friends and allies would only be as effective as

the least cooperative friend/ally. He again stated that if the U.S. could not achieve its aims through the UN and sanctions, the U.S. would find other ways to make a nuclear program in Iran less likely. Khalafov said that this was "clear," and Pashayev, returning to Jeffrey's Cold War comparison, suggested that Iran was much weaker than the Soviet Union, and that the U.S. was right to pursue the diplomatic way "as long as tolerable." Jeffrey said he would keep in mind that Azerbaijan had special expertise on Iran and would be affected by any USG actions. In reaction to Pashayev's suggestion that VOA broadcast a Jazz Hour directed at Iran, Ambassador Derse said that the U.S. had been told that the GOAJ had recently declared illegal the rebroadcasting of foreign broadcasts. PDAS Jeffrey added that the U.S. was expanding its direct programming to Iran and that Azeri broadcasts can already be picked up in Iran and are effective. Ambassador Derse then asked Khalafov if he led the bilateral Azerbaijan-Iran dialogue, with Khalafov answering that subsequent to a decision by President Aliyev, "Azerbaijan moved to more diverse discussion between the Iranian and Azerbaijani MFAs, led by Foreign Minister Mammadyarov and supported by him." (Comment: Foreign Minister Mammadyarov had earlier told us that a bilateral Azerbaijan-Iran economic dialogue recently had been broadened and put under the respective MFA's at Iran's request. End Comment.) Pashayev then suggested, in jest, that Khalafov would solve the delimitation issue before the nuclear issue was solved. PDAS Jeffrey ended the meeting by suggesting that a clear, tough message to Iran was key.

110. (U) PDAS Jeffrey did not have the opportunity to review this message.
DERSE